

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AGR-05 FEA-01 SP-02 AID-05 EB-07 NSC-05

RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 DODE-00 PM-03 H-01 L-02 PA-01 PRS-01

USIA-06 NIC-01 /091 W

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R 231707Z JAN 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 9633

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LIMA

AMEMBASSY QUITO

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E.O. 11652: N/A

TAGS: ETRD, AR

SUBJ: ARGENTINE REACTION TO TRA

REF: A. BA 0292; B. BA 0390

BEGIN UNCLASSIFIED:

1. SUMMARY: THE ARGENTINE PRESS HAS REPORTED EXTENSIVELY
ON THE UNFAVORABLE REACTION TO THE TRADE REFORM ACT SPARKED
BY VENEZUELA, ECUADOR AND PERU. WHILE MOST ACCOUNTS HAVE
ORIGINATED WITH THE INTERNATIONAL PRESS SERVICES, THERE HAVE
BEEN A GROWING NUMBER OF EDITORIALS, LOCALLY-ORIGINATED
ANALYSES AND OTHER REPORTS ON THE TRA SINCE LOCAL COVERAGE BEGAN
IN MID-DECEMBER. MOST OF THESE HAVE DISTORTED THE
NATURE OF THE ACT AND BY IMPLICATION HAVE BEEN CRITICAL.
TAKEN AS A WHOLE, THIS PRESS COVERAGE HAS BEEN EXTENSIVE AND
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HAS BEEN CRITICAL, GIVING THE READING PUBLIC THE STRONG IMPRES-

SION THAT THE ACT IS PROTECTIONIST IN ITS PURPOSE AND HARMFUL TO THE INTERESTS OF THE DEVELOPING WORLD. A GOOD DEAL OF EMPHASIS HAS BEEN PLACED ON L.A. "SOLIDARITY" ON THE ISSUE. SOME REPORTS QUOTING ARGENTINE OFFICIALS HAVE INDICATED ARGENTINA'S INTERESTS ARE ADVERSELY AFFECTED BY THE ACT. A FEW REPORTS HAVE HIGHLIGHTED THE GENERALLY MODERATE REACTION OF THE GOA, IN COMPARISON TO THAT OF OTHER LA COUNTRIES, REFLECTING THE ARGENTINE AUTHORITIES DESIRE NOT TO JEOPARDIZE THE MFM. END SUMMARY.

2. THE FINANCIAL WEEKLY "EL ECONOMISTA" PLACES THE BLAME ON PROTECTIONIST SENTIMENT IN THE US SENATE FOR THE PROVISIONS EXCLUDING CERTAIN COUNTRIES FROM THE BENEFITS OF GSP UNDER TITLE V. "CLARIN", ON JAN 6, STRESSED THE CONTRIBUTION TO IMPROVED US/USSR RELATIONS, AND HENCE TO STABILITY AND PEACE WHICH CAN BE EXPECTED AS A RESULT OF THE TRA. THE MIDDLE OF THE ROAD "LA NACION", ON JAN 9 CALLED THE OBJECTIVES OF THE BILL ESSENTIALLY PROTECTIONIST AND DESIGNED TO HELP PULL THE US OUT OF ITS CURRENT RECESSION. THE SAME CAN BE SAID OF A MORE ANALYTICAL COMMENTARY IN "LA OPINION" OF JAN 12.

3. MOST CRITICAL ARTICLES ORIGINATING LOCALLY APPEARED IN THE WELL-REGARDED TRADE DAILY "CRONISTA COMERCIAL" OF JAN 13 AND JAN 16. THESE ARTICLES COMPARED THE TRA TO THE LEGISLATION ENACTED IN RESPONSE TO THE 1929 CRASH. ALSO TERMS THE TRA A "WEAPON AGAINST THE ANDEAN PACT". GENERAL THEME IS THAT IN "COMING WORLD ECONOMIC CRISIS", TRA WILL PERMIT US TO PROTECT ITSELF AND IMPOSE CONDITIONS ON OTHER COUNTRIES. CRONISTA IGNORES THE POSITIVE ASPECTS OF TRA.

4. A NUMBER OF PAPERS CARRIED REMARKS BY AMB MAILLARD ON TRADE ACT WHILE HE WAS IN BUENOS AIRES WHICH ATTEMPTED TO PUT OPEC EXCLUSION FROM GSP IN PERSPECTIVE AND HIGHLIGHT POTENTIALLY POSITIVE EFFECTS OF MEASURE (SEE BA 0392). ADDITIONALLY, A FAVORABLE COMMENTARY BY HERBERTO KAHN APPEARED IN LA OPINION OF JAN 14 (SEE BA 0390).

5. MOST NEWSPAPERS HAVE REPORTED ALLEGEDLY MILD CRITICAL REMARKS BY MIN OF ECON GOMEZ MORALES ON THE ACT DURING HIS VISIT TO THE US. GOMEZ MORALES IS REPORTED TO HAVE SAID THAT LIMITED OFFICIAL USE

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CERAIN PROVISIONS OF THE LAW WERE HARMFUL TO ARGENTINAS TRADE INTERESTS. ON JAN 20 ARGENTINE SECRETARY OF INTERNATIONAL ECONOMIC AFFAIRS, OVIDIO VENTURA, WAS REPORTED TO HAVE SAID THAT TRADE ACT WOULD CREATE PROBLEMS FOR US/ARGENTINE TRADE (PRESUMABLY WITH REFERENCE TO THE COUNTERVAILING DUTY PROVISIONS). FINALLY ON JAN 21 REMARKS OF ARGENTINE AMB TO THE OAS, RAUL QUIJANO, DURING OAS DEBATE ON TRADE ACT WERE REPORTED TO THE EFFECT THAT THE ACT WAS DISCRIMINATORY AND THAT ARGENTINE

SUPPORTED VENEZUELAN AND EQUADORIAN POSITIONS ON THE ISSUE. LA OPINION ON JAN 21 REPORTED THESE REMARKS, BUT EMPHASIZED THAT THE LAW HAD POSITIVE ASPECTS WHICH WOULD ENABLE MULTILATERAL TRADE NEGOTIATIONS GET UNDER WAY. QUIJANO IS ALSO REPORTED TO HAVE STRESSED THAT CONTINUATION OF "NEW DIALOGUE" WITH US IS IMPORTANT AS MEANS OF RESOLVING LA/US DIFFERENCES.

6. ON HIS RETURN FROM HIS TRADE MISSION TO THE US, CGE PRESIDENT JULIO BRONER WAS QUOTED BY LA OPINION AND CRONISTA COMERCIAL (JAN 21) AS HAVING STRESSED THREAT TO ARGENTINE SHOE INDUSTRY POSED BY TRADE ACT.

END UNCLASSIFIED.

7. COMMENT: DESPITE GOMEZ MORALES AND VENTURAS REMARKS, EMBASSY CONTACTS WITH OFFICIALS IN ECONOMIC AREAS HAVE FOUND GENERALLY A FAIRLY MODERATE "WAIT-AND-SEE" ATTITUDE ON THE TRA AS A WHOLE, THOUGH THERE IS DEFINITE INTEREST IN THE ISSUE OF THE TITLE V EXCLUSIONS FROM GSP BENEFITS PROVISIONS. RESTRAINED GOA ATTITUDES ARE UNDOUBTEDLY INFLUENCED BY THE GOA DESIRE NOT TO ADD FUEL TO ANY SITUATION WHICH MIGHT THREATEN SUCCESS OF MFM. IN TERMS OF THE PUBLIC IMAGE OF THE US IN ARGENTINA, THIS ISSUE HAS HAD A NEGATIVE IMPACT.

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